

**25in5 Hamilton Network for Poverty Reduction and St. Matthew's House Submission to the Social Assistance Commissioners in Response to:**

**Discussion Paper 2: Approaches for Reform  
by the Commission for the Review of Social Assistance in Ontario**

25in5 Hamilton Network for Poverty Reduction/HOPE is a coalition of people comprised of community members including people with a lived experience of poverty, staff of various social service organizations, associations and legal aid clinics, board members from local service agencies, individual community members, students, academics, faith community members and provincial riding association members. We are a volunteer group advocating for those living in poverty in Ontario. The following is a joint submission by 25in5 and St. Matthew's House in Hamilton.

In December of 2008, the government of Ontario introduced a Poverty Reduction Strategy (*Breaking the Cycle*) which stated that the strategy would be "guided by the vision of a province where every person has the opportunity to achieve his or her full potential, and contribute to and participate in a prosperous and healthy Ontario." In 2009, the Ontario Legislature unanimously passed Bill 152, An Act to Reduce Poverty: "The purpose of this Act is to establish mechanisms to support a sustained long-term reduction of poverty in Ontario." This Act promised to maintain the poverty reduction strategy set out in *Breaking the Cycle* and acknowledged the importance of all Ontarians, and of communities. The Act also promised to recognize that people in certain communities (immigrant, racialized, women, single mothers etc.) faced a greater danger than others of experiencing poverty. It promised as well to support families so that they could play a meaningful role in the reduction of poverty and in promoting opportunity, to respect all Ontarians including those living in poverty and to treat them with dignity. Most importantly, the Act promised to involve those living in poverty in the design and implementation of the strategy.

The members of 25in5 Hamilton Network for Poverty Reduction/HOPE appreciate the work put in by the Social Assistance Commissioners, and we acknowledge their recognition of some of the difficulties faced by Social Assistance recipients. We are, however, very disappointed that the involvement of those living in poverty who contributed a great deal to cross community consultations and to making submissions to the first Discussion Paper have found their recommendations regarding improvements to reform of the Social Assistance System almost completely ignored in *Discussion Paper 2: Approaches to Reform*. This disregard for the suggestions of those living in poverty does not reflect in any way, the statement in the original Act that, "those living in poverty (be involved) in the design and implementation of the (poverty reduction) strategy." In fact, *Discussion Paper 2* ignores most of what you published in your own paper, *What We Heard*.

Hamilton is a city which is deeply affected by poverty; 12% of our population (59,133 individuals) must access Ontario Works and Ontario Disability Support Program. Life is not easy for these citizens of our community. Despite the fact that poverty is very wearing and thus discourages community involvement, we are very fortunate in Hamilton that we have some strong advocates among those living in poverty. Many of these people with lived experience and those who provide services to them, along with other stakeholders were present at the July 4<sup>th</sup>, 2011 event in Hamilton where we hosted a consultation with you and had an opportunity to respond in person to the first Discussion Paper. You heard powerful recommendations from our community, and many of our recommendations were repeated throughout the province. The most urgent suggestion you heard concerned the **adequacy of rates**; the Social

Assistance System in Ontario desperately needs an investment to raise rates. According to your own ***What We Heard*** document 79% of the submissions you received from across Ontario cited the **inadequacy of rates** as the number one problem with the Social Assistance system. And yet, ***Discussion Paper 2: Approaches for Reform*** fails to address **rate inadequacy**. A single individual receiving \$592 to \$599 on Ontario Works struggles to do more than subsist. The person barely managing to survive on OW certainly does not reflect the province's own statement made in Bill 152 "to respect all Ontarians including those living in poverty and to treat them with dignity." There is no dignity to such a life. The other major recommendation that came out of Hamilton was the need for **evidence-based rates**. **Evidence based rates would be a major first step in addressing the adequacy of rates**. The establishment of a **Social Assistance Rates Board** could set rates based on the real cost of living in different geographical locations across the province. Such rates would be **evidence-based** and not a "political construct" as you, yourselves, refer to when discussing minimum wage. The legislation for the establishment of an arm's length Social Assistance Rates Board already exists; Bill 235 came before the legislature in 2007, and unfortunately died when the legislature rose.

**We call on the Commissioners to consider the Rates Board and other strategies regarding adequacy of assistance in making their final recommendations to the government. It is the most rational strategy for setting the rates. The current arbitrary rates do not reflect the reality of those struggling to survive in deep poverty.**

## **Chapter 1: Reasonable Expectations**

The idea that jobs are the main way out of poverty for Social Assistance recipients does not address the problems of these recipients in Ontario. The labour market that exists offers too few jobs for the people seeking them. Of the jobs that do exist, few are suitable for Social Assistance recipients. Many recipients of Social Assistance do not have the education, skills, or training necessary for the few jobs that do exist, and, often the training that is offered does not match the jobs that are available in a local community. In your paper, you mention people being trained for PSW positions that do not exist in the community where they are trained. Training for training's sake helps no-one. Precarious work is another problem in today's society. Part-time, low-wage, unstable jobs are not any sort of answer for those trying to exit Social Assistance.

If a person on Ontario Works does manage to find employment, s/he has important needs related to employment. Being employed requires extra funds for transportation, food, and suitable clothing; in many cases, it also requires access to subsidized day care and transportation to get children there. People on assistance are often lacking confidence. Some may have been out of the labour market for some time. These people require ongoing support/counselling/training to help them maintain the employment they have found. The Social Assistance recipient who has found work should be allowed to keep all of their pay, and benefits should be extended until the new employee reaches LICO. In the community, many Social Assistance recipients who have not managed to find work participate in community groups such as ours. This kind of participation should be recognized by workers as part of skills development and job training, and perhaps even rewarded monetarily without a reduction in benefits.

A very serious concern of Hamilton's 25in5/HOPE and St. Matthew's House is the pitting of Social Assistance Workers against low income workers. Social Assistance recipients should not suffer in comparison to low income workers because wages are too low. In your paper, you mention that minimum wage is a political construct. It should not be. It is our understanding that when minimum wage first came into being, it was indexed. If this indexing had continued, today's low wages which keep people in poverty would not exist. It is not right that a person working full-time, full year should still live below the poverty line. Nor is it right that social assistance recipients should be punished and kept in deep poverty because low income workers are suffering due to low wages. These two groups share similarities and should be in sympathy with each other. It is a shame to encourage jealousy and discord. It is also a distraction from the real problem; that **Social Assistance rates are not adequate nor is the minimum wage. We need to raise the floor for all. We suggest both an increase in Social Assistance Rates and a move to living wage for low income workers.** A wage that might lift people out of poverty is a far greater incentive to leave Social Assistance than the low wages existing now which continue to keep people in poverty, although not the deep poverty experienced by Social Assistance recipients.

We do not agree with the creation of two separate programs for people on ODSP. Trying to assess the degree of disability in a person is discriminatory in itself. The degree to which anyone who is disabled can participate in the labour force can vary from day to day and does not necessarily depend on the degree of disability. We must include in this comment that no one on ODSP should be worse off as a result of any changes to the program. Before any structural changes are made to ODSP, there must be clear proposals with the details that are so lacking in the present Discussion paper and a genuine consultation process that much more actively involves people with lived experience.

## **Chapter 2: Appropriate Benefit Structure**

The **current rate structure for Social Assistance is not adequate**, and the argument about which method should be used to determine poverty is not useful; in fact, it simply provides a distraction from any real attempt to make benefits adequate. In its Poverty Reduction Strategy of 2008, the **provincial government accepted the LIM as a measure of poverty**. It must also be noted here that Bill 152 passed unanimously in 2009 with all parties signing on to doing something positive and constructive about poverty reduction in Ontario. In Bill 152 **all parties** in the legislature agreed that people living in poverty must be involved in the "design and implementation" of the poverty reduction strategy.

We encourage the Social Assistance Commissioners **to adopt LIM** and to focus their efforts on ensuring adequate benefits for Social Assistance recipients and improving the access to and delivery of these benefits. Items such as the Special Diet need to remain within the Social Assistance system as a program such as this one affects eligibility for Social Assistance. 25in5/HOPE and St. Matthew's House support a \$100 healthy food supplement for recipients of Social Assistance. We also urge you to consider the clawback affecting children who are members of families on Social Assistance with the introduction of the Ontario Child Benefit. These children lost their Back to School and Winter Clothing Allowances. The loss amounts to \$245 per year for children older than 13 and \$175 for children younger than 13. Even though these children receive the OCB, they receive less than the full amount when one considers the cancelled clothing allowances.

It is our belief that setting an adequate benefit structure can only be accomplished by using an **evidence based, arms-length system**. Such a system was proposed to Legislature in the Form of Bill 235 prior to the 2007 election. This arms-length Board could assess costs for housing, food, transportation and other

basic necessities in various geographical areas of the province and set rates accordingly. It would acknowledge the extra costs of living in areas such as the North or Toronto.

Using the same example you yourselves used in Chapter 2 of the Approaches Paper, the fact that a single person in Ottawa relying on Ontario Works and tax credits is short \$334 each month underlines the fact that **benefits do not even approach adequacy**. People in deep poverty such as this cost the system in many other ways. The lack of stability created by keeping people so poor is reflected in extra costs in the Health Care system and the Justice system to name but two important facets of the Ontario economy. As mentioned by Laura Cattari on The Agenda in February of 2012, the stomach acid she suffers from because of not eating enough results in extra costs to the Health Care System which must treat her for this ailment. If she could afford to eat regularly and to buy nutritious food, the health care system would save money.

“Saving money” on benefits not only leads to false economies by moving expenses elsewhere (e.g. health care), but also ignores the ways in which social assistance benefits are short term and long term investments in our well-being. In the short term, low benefits hurt local economic activity (and tax revenue arising from that activity), as Social Assistance recipients put every cent they receive back into the local economy. Dr. Atif Kubursi, a well-known economist from McMaster University modelled these effects in his paper, “The Economic Impact of Social Assistance in Hamilton” illustrating the positive contributions of Social Assistance recipients to the local economy and job market. In the longer term, more adequate rates lead to a healthier, more inclusive, better trained, and more resilient society. The survival strategies that social assistance recipients need to undertake given inadequate rates makes it even harder to look after themselves, let alone undertake the training and employment activities.

It may be possible to find some efficiencies in the delivery of services such as OW and ODSP under the same roof and by one agency as opposed to using two separate agencies, but, once again, this provides only a distraction from the main issue: people do not receive enough money to live on as Social Assistance recipients. It is not possible as Drummond suggests in his report to keep Social Assistance spending to a 0.5% annual increase and to do what you were tasked to do: **to make suggestions to improve the Social Assistance System**.

Hamilton’s 25in5/HOPE and St Matthew’s House strongly support the extension of health benefits to all people living below the poverty line. We believe that offering supports to low income people can only benefit all those living in Ontario.

### **Chapter 3: Easier to Understand**

The current rules for Social Assistance need to be simplified and re-written in simple, clear language. Applicants for Social Assistance need help to navigate the system which can only be accomplished if workers have more time to assist or if others, perhaps experienced Social Assistance recipients, are hired to offer peer assistance. Rules also need to be more supportive and less punitive.

The Surveillance system presently used to track Social Assistance recipients is insulting. It treats everyone as a potential abuser of the system. The automatic generation of Suspension letters, which do not inform Social Assistance recipients about what they have done to earn a suspension causes high

levels of stress among a group which is already more stressed than most. The Commissioners need to concern themselves with clarifying and simplifying the system for the sake of social assistance recipients, not just workers.

The Audit System has its positives. It shows more respect for Social Assistance recipients, but it may create problems. For people who move often, or for whom organization in inadequate housing is a problem, this system may present great difficulty for holding onto the receipts necessary for an audit, which may occur at some time in the future. The loss of receipts can result in inaccurate accusations of fraud.

While we acknowledge the necessity of having a system which is accountable to taxpayers, it is equally and even more important to have a system which is responsive to the needs of recipients. The Social Assistance System should be clear, easily understandable and provide chances for appeals. The rules which exist in the present system are too restrictive and make it hard for recipients to engage in their communities. Recipients are often afraid of infringing on the rules and of suffering punishment as a result.

We support the alignment of asset limits for OW and ODSP and increasing these limits as needed to help people get back on their feet. Assets which are not liquefiable such as RRSP's and RESP's should not be subject to asset limits.

#### **Chapter 4: Viability over the Long Term**

As stated earlier in this response to the **Approaches for Reform** paper, while there may be efficiencies to be found in combining the delivery of services, these efficiencies can hardly provide the money necessary to provide a system which is viable now or into the future. The system needs an infusion of money to make it adequate both now and in the future. The Social Assistance Reform Commission has a chance to make a real difference in improving the lives of vulnerable people in this province, and we expect them to make bold suggestions to do so. These vulnerable citizens deserve to be treated with respect and to live in the kind of dignity that affords them full inclusion in our society.

Long-term viability is affected by many factors. Better wages and labour standards, coupled with preventive social investments in housing, violence prevention, mental health supports, childcare, training and transportation, could greatly limit the number of people needing social assistance, thereby shrinking the size and expense of the program. A program that paid more adequate benefits would aid recipients to scale the "employment cliff" into the labour market, as well as reduce costs elsewhere in other areas like health. A much fuller accounting of viability is needed, going beyond the sole focus on costs found in the *Approaches* paper.

It may be a good idea to move the Temporary Care Allowance to the Ministry of Child and Youth Services to ensure more consistent oversight of child safety in temporary care. We support the idea that family (often grandparents) caring for their children's children should receive at least the same amount of money given to foster parents. Many grandparents are retired and cannot afford to raise children. And we have all heard of parents having to give up custody of their severely disabled children because they cannot afford their medical requirements. If moving the Assistance for Children with Severe Disabilities to MCYS will prevent parents from having to give up custody, we support it.

## Chapter 5: An Integrated Ontario Position on Income Security

It was gratifying to see that Don Drummond supports raising the income level of Social Assistance recipients before there are any clawbacks. We must restate our position from earlier in this response: **there should be no clawbacks of any job-related income from Social Assistance recipients until their income and benefits reach LICO.**

There is not an available stock of affordable housing in Ontario. Waits for housing in Hamilton are between 7 to 10 years. Some are lucky enough to receive a housing allowance/rent subsidy, but even here there is a waiting list before one can get a subsidy and the subsidy only lasts for a period of time after which it vanishes and the person/family loses their housing. The housing allowance/rent subsidy program is scheduled to end in the fall of 2013, and no one knows if it will continue. Rent Geared to Income is presently calculated based on actual earnings and does not take into account the fact that Social Assistance recipients have 50% of their earnings deducted. This means that Social Assistance recipients risk losing their housing if they go to work since they will have to pay an even larger portion of their income on housing as long as the present rule remains.

We are happy to see that you acknowledge the rising inequality of incomes. As identified in our response to Chapter 1, we recommend an indexed minimum wage moving towards an indexed, living wage. This living wage (calculated at \$14.95 in Hamilton, [Hamilton Social Planning and Research Council document, 2011]) will vary according to geographic location in the province.

Just as increased Social Assistance rates benefit the economy a living wage will have positive benefits for employers and the economy as well. Satisfied workers are more likely to stay in their jobs, thus resulting in lower turnover rates and less expense for retraining. Happy workers are also more loyal to their employers and more productive in their work.

Labour in Hamilton has expressed many concerns about the situation of those who are unemployed. When a person loses their job there is an assumption that they will be in receipt of Employment Insurance benefits. This is not always the case. In December of 2011 only 23 % of unemployed people in Hamilton received EI.

The other critical situation that has emerged lately in Ontario and especially in our community is the practice of employers locking out their employees for protracted periods of time to impose draconian cuts in wages and most importantly pensions. These workers and their families face some unusual challenges. Employers are reluctant to hire locked out workers assuming that they will return to work at the end of the dispute. Too often there is little or no income support. Strike benefits are not always available and are never a real replacement income. Rarely is the worker eligible for EI. Even then EI will run out but the lock out continue. The consequence of settlement on the initial terms offered by the employer means poverty in retirement. Resistance to these terms right now means poverty today. In all cases it is the family that is deeply injured by this situation. Another poor family is added to our community.

In the current policy a locked out worker is deemed to be making his or her wages from the job even if the worker has been locked out for months.

Two case studies exemplify problems existing in the labour market in Ontario today:

1. Being unemployed and unable to find employment, I had exhausted my Employment Insurance claim. Because I had no income it was necessary to apply for Ontario Works. After meeting with my case worker and completing the application form, I was told that because I exceeded the allowable limit for the amount of GICs I had invested, I was not eligible for Ontario Works.

It meant that I would have to cash them and pay any penalties incurred, live off these monies until they were exhausted and then re-apply for Ontario Works. I have worked hard my entire life and have saved that money for my retirement and feel that I am being penalized for doing so. Should I cash in my GICs, what am I supposed to do in my retirement years.

2. I was in receipt of Ontario Works and acquired employment with a meager wage. Despite both my wages and my Ontario Works benefits I struggled to make ends meet. As a result of my employment, I was no longer entitled to the Ontario Works benefits because my wages exceeded the maximum allowable amount. Despite explaining to my case worker that I was trying to find a better job and I would only need Ontario Works benefits until I obtained one, I was still told I was ineligible. I feel that I was penalized for accepting meagre employment.

What is called for is a realistic policy to help working families evade poverty not be forced into poverty. Allow recipients to hold on to their various government sponsored savings plans, allow them to keep their family home, ensure that they will retain their transportation and determine need according to the real situation a family is facing not the imaginary world of 'deeming'. Positive and complementary collaboration among all levels of government (federal, provincial, and municipal) can only help the system. In the interim, however, the policy of deeming must end. Families who have exhausted all other sources of income must have access to OW. Improving the federal Working Income Tax Benefit and instituting an Ontario WITB can only help low income people as well.

## **Chapter 6: First Nations and Social Assistance**

Hamilton's First Nation Community has been invited to respond to this chapter. We do not feel qualified to do so.

### **In Conclusion:**

25in5/HOPE has been active in requesting the initiation of and then supporting Ontario's Poverty Reduction Strategy from the outset. We have followed the activities of the Social Assistance Reform Advisory Committee as they set parameters for your recommendations for changes to the system. And we have been part of the working group on the Social Assistance Reform Commission of the Hamilton Roundtable for Poverty Reduction. We were part of the consultation with you in Hamilton, and as part of the Roundtable Working Group, we made a submission to your first Discussion Paper.

We ask that you seriously and carefully consider **what you heard** from people across Ontario, especially from those most affected by the Social Assistance System, that is, those living in poverty and those

working with them and advocating on their behalf. And we ask that you do not betray those who have spoken to you urgently and passionately about what they need.

You have spoken of your desire to make **'transformative change'** in the Social Assistance System in Ontario. Tinkering with delivery of services will not do it. Yours is an opportunity provided only once in a generation to set policy for the future. We **urge** you to be bold in your final report and to truly echo **what you have heard** from those living the experience of poverty in this province. It is not possible to make **'transformative change'** unless you ask for **increased rates** for Social Assistance recipients and for a way of determining those rates that is **evidence-based**.

Hamilton @ District Labour Council and the Hamilton, Burlington, Oakville chapter of the Congress of Union Retirees of Canada have endorsed the HOPE response.